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Shortly after Stalin's death, Soviet propaganda began to display increased solicitude for the minority peoples of the USSR. Following the purge of Beria, however, the new trend faltered, and the regime has not yet made concessions to alleviate this longstanding source of dissatisfaction.

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THE SOVIET WORLD

The Soviet note of 28 September elaborated on the 4 August note by agreeing to consider the German problem at a four-power conference and the lessening of international tensions at a five-power conference including Communist China. The Soviet plan for discussing "all proposals introduced in the course of preparing the conference" on Germany remains in conflict with Western insistence that free elections be the first item on the agenda. The Soviet desire to leave the Austrian problem to discussions in "normal diplomatic channels" suggests further attempts to gain Western acceptance of the exact terms desired by the USSR prior to negotiating a treaty.

The Soviet Union has not yet responded to the challenge made by French undersecretary for foreign affairs Maurice Schumann in his 25 September UN speech calling for evidence of a Soviet desire for a detente in Europe. A possible answer to Chancellor Adenauer's suggestion for a Soviet-EDC nonaggression pact was an editorial in Kommunist attacking the idea of an "Eastern Locarno." It declared that a Locarno policy would revive German imperialism, and that European security must be based on a "united, peace-loving and democratic Germany." This suggests that, for the present, the Kremlin prefers to repeat its familiar demands for German unity on its own terms, counting on Western procrastination to postpone German rearmament.

In East Germany, Walter Ulbricht in his 17 September speech gave indications of a return to the policy of sovietization including the establishment of new collective farms, an increase in work norms, and greater production from existing industrial capacity. At the same time he called for an increase of consumer goods and suggested that private retail trade will be permitted better opportunities for business, particularly in areas not served by state-owned retail outlets. He also revealed plans for stepping up housing construction and increasing trade with the West. Ulbricht apparently believes that with some easing of living conditions the population, despite prevalent unrest and discontent, will accept the reintroduction of some of the previous oppressive measures.

In Hungary, there have been recent signs that the regime overreached itself in its original promises of sweeping concessions in agriculture. The minister of

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agriculture announced on 19 September that peasants who take advantage of the promise that they may leave collectives on 31 October will forfeit all the concessions recently made to them and incur drastic financial obligations. They will be charged with their share of the outstanding debts and obligations of the collective and will have to pay the high free-market price to regain any implements and animals which they brought into the collective. This warning was repeated by party agitators in the rural areas and reflects the government's concern that the collectives will be crippled by numerous desertions.

Inside the USSR, the choice of V. P. Mzhavanadze as first secretary of the Georgian republic's party organization is apparently a move by Moscow to terminate the conflicts in the Georgian leadership. During the past two years Georgian politics have been characterized by purges and counterpurges of seemingly pro- and anti-Beria elements.

Mzhavanadze, though of Georgian extraction, is an outsider to the Georgian political scene. He gained his political experience in the Ukraine when Khrushchev was that republic's party leader. He attained the rank of lieutenant general in 1944 and was the top political officer for the Kiev Military District from 1946 until at least 1950. In April 1950 he was elected to the Ukrainian party's Organizational Buro.

Party leaders in Georgia are now probably controlled directly by Khrushchev, who has no native ties and is not likely to intervene in Georgian affairs for sentimental motives as did Stalin and Beria.

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PROSPECTS FOR THE LANIEL GOVERNMENT

Despite increasing French cabinet dissension over European integration policies, the Laniel government now seems to have a good chance of remaining in power until the December presidential election. Premier Laniel faces the reconvening of the National Assembly on 6 October with a positive program to forestall new labor unrest, definite measures to balance the budget, and the Navarre plan for ending the Indochina conflict.

The scheduled election of a new national president by parliament in December is a stabilizing force for the government. While Laniel, a leading contender for the presidency, can afford some defections without risking overthrow, (see diagram, p. 8), rival candidates are well aware that they would jeopardize their own political fortunes by attempting to force a new cabinet crisis at this time.

Moreover, all of the non-Communist parties have good reasons for maintaining the status quo temporarily. The Socialists are apparently reluctant to share governmental responsibility for the present unpopular measures they admit are necessary. They are reportedly willing to dicker with the Popular Republicans and the Radical Socialists, but their aim is new elections rather than membership in the government. Until the Popular Republicans can have some hope of such Socialist participation, they are resigned to support Laniel. On the other hand, fear of a left-center successor makes the rightist groups hesitant to provoke a crisis.

Laniel's position was strengthened by his success in weathering the August strikes without a special session of the National Assembly. He will face his fellow deputies on 6 October with a long-range policy to attain a viable economy--essentially the radical proposals made by Mendes-France in his effort last June to form a left-center coalition.

Using the broad powers granted him by the Assembly just before it adjourned in July, Laniel has already promulgated reform decrees cutting subsidies to agriculture and forcing retail price reductions. The winegrowers and distillers, however, are expected to spearhead a drive to revise the decree powers as soon as the Assembly reconvenes, and the government's fate may depend on this issue.

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Although Laniel's campaign against tax evaders has been more spectacular than practical, his price reduction program, coinciding with excellent crop forecasts and meat surpluses, will almost certainly result in a substantial reduction in the September cost-of-living index. This is the government's main hope to stall off expected labor pressure for a general wage increase. Meanwhile the government-sponsored Collective Agreements Committee has recommended a 15-percent increase in the minimum wage, but the unions will not be satisfied until a proportional raise is granted the higher-paid workers.

The proposed reduction of the budget may be Laniel's most successful domestic accomplishment. Substantial cuts are envisaged in defense spending, particularly for Indochina, and new agreements are to be sought with the United States on military aid. The cabinet has reportedly already agreed to a \$3.14 billion ceiling for the 1954 military budget--\$410,000,000 less than previously planned and over ten percent less than this year's figure. The announcement that France is to receive a total of \$785,000,000 from the United States for the Indochina war has bolstered the government's prestige as well as its financial position and will enable it to proceed with the Navarre plan.

The only other major problem facing the government is the newly revived issue of EDC ratification. Important elements within the government parties are likely to maintain their opposition to the treaty, despite the more favorable atmosphere of the past few weeks. If Laniel can push through ratification of EDC, the resultant prestige could give him the help he will need on domestic matters.

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POLITICAL TENSION RISING IN CUBA

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[REDACTED] President Batista's position may now be shakier than at any time since he ousted the Prio regime by force in March 1952. It therefore seems likely that Batista will feel forced to prolong and intensify the emergency repressive measures now scheduled to expire on 4 November.

Immediately after the abortive revolt in July in Santiago de Cuba, Batista ordered a 90-day suspension of civil liberties and issued the broadly phrased Public Order Law providing penalties for political offenses. These moves were followed by widespread arrests, including leaders of Cuba's largest political parties.

Although the campaign appeared to slacken in the latter part of August, the arrest of more than 50 military personnel since 20 September and the unprecedented 23 September police raid on the campus of the University of Havana reflect the administration's increasing uneasiness.

Meanwhile, the repressive measures have further undermined the regime's popularity, already weakened by the postponement of elections, occasional detention of opposition leaders, and news censorship.

The anti-Communist aspects of his control measures reveal Batista's sensitivity to criticism of his policies toward Communism rather than a real fear of a Communist threat. Reports of Communist infiltration in government and Batista political organizations increased in early 1953, and in June and July his apparent rapprochement with Communist union officials brought a storm of popular protest. The party newspaper Hoy was closed immediately after the Santiago incident, however, and Communists possessing copies of Hoy were arrested for complicity. The charges against Communists have effectively driven the party underground, and most high-level members indicted have not yet been apprehended.

Since the Santiago incident, Batista has claimed repeatedly that he has the complete loyalty of the armed forces, whose support has heretofore been considered sufficient to bar any successful revolutionary attempt. [REDACTED]

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Known opposition factions do not appear to have effective liaison or to be capable of immediate concerted violence. There has been near unanimity, however, in the demand for free elections under the constitution of 1940 and the electoral code of 1943, both replaced by Batista's statutes. Batista's attempts to avoid the election issue plus the continuation of his repressive tactics may be sufficient to bring about the co-operation among revolutionary groups necessary to accomplish a successful coup.

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ECONOMIC NEGOTIATIONS MAY STRAIN US-JAPANESE RELATIONS

In its current economic negotiations with the United States, Japan is expected to stress its economic difficulties and the need for political stability in an effort to gain a favorable settlement. The differences likely to arise would impose strains on US-Japanese relations.

Hayato Ikeda, former minister of finance, is expected to discuss in Washington such topics as defense, reparations, trade, and a settlement for American aid furnished during the occupation. The US embassy in Tokyo expects him to emphasize Japan's economic straits and its inability to carry simultaneously and without help the burdens of increased defense, debt repayment, and industrial rehabilitation. He may also stress the enhanced prospects for political stability in Japan if the desired economic support were to be granted.

Ikeda is expected to propose a five-year Japanese defense program calling for annual increases of 20,000 men in the present defense forces, in contrast to General Clark's belief that an annual increase of 50,000 men should be the minimum increment. The limited nature of the plan is indicative of Japan's desire not to overburden its economy with defense expenditures. The 27 September Liberal Party accord with the Progressive Party on defense policy probably means that Ikeda can set forth Japan's defense plan with a reasonable assurance of its passage in the Diet.

On the issue of a settlement of Japanese debts for American aid received during the occupation, Japan's proposals are expected to be equally limited. The belief is widely held in Japan that the major portion of this aid was a grant rather than a loan and current drafts of the Japanese budget for next year contain no provision for repayment. Ikeda may propose postponement of a settlement until after reparations payments to Southeast Asian countries have been concluded. He may also seek American assistance to expand exports and a major target will probably be to secure loans for the lowering of production costs in Japanese industry. Nationalistic sentiment, however, is likely to limit Japan's willingness to commit itself to the conditions which would be necessary to insure the effectiveness of such loans.

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Japan's economic dilemma is due to a considerable degree to its unwillingness to forego a modest amount of current consumer goods production in favor of increased defense, investment, and debt repayment. With additional expenditures of around \$250,000,000 yearly; involving drains on foreign exchange of perhaps \$50,000,000, the American embassy estimates that the necessary expenditures for defense, debt, and reparations could be met.

This increment represents less than ten percent of the current Japanese budget and less than two percent of the national income. The sum could be provided without increasing taxes if economies were made in pensions, welfare, and similar expenditures. Foreign exchange could be saved by restricting luxury imports. Failure of the Japanese to take more vigorous austerity measures now or in the near future will invite an economic crisis of such severity that Japan's present pro-Western orientation might be threatened.

On the other hand, widespread insistence by the Japanese that "stabilization of the people's livelihood" is the most important economic task cannot be ignored. They argue that only by this means will the "listlessness of the national spirit" be overcome, that this is a prerequisite to popular support for a stronger defense, and that this is the only tenable domestic policy in the light of the present political instability. It is in this context that US-Japanese relations may be subjected to strain.

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CONGRESS PARTY CONTROL IN SOUTH INDIA WEAKENS

Congress Party rule in the four contiguous areas of Madras, Travancore-Cochin, Mysore, and Andhra is being weakened by intraparty strife, differences over linguistic issues, and the party's failure to attract the support necessary for the formation of stable governments in Travancore-Cochin and Andhra (see map, p.15). This presents a long-range threat to the party's control over a large portion of south India and offers possibilities to Communist-led opposition groups, which hold a large proportion of the seats in two state legislative assemblies. Though political unrest in the area seems certain, it is doubtful that the Communists can profit materially from this situation in the immediate future.

In Madras, where after 1 October the Congress Party will hold 123 of the 231 assembly seats as opposed to the Communists' 20, the president of the state Congress Committee, a local "kingmaker," is seeking to oust Chief Minister Rajagopalachari, one of India's outstanding statesmen. Rajagopalachari's vigorous action since he took office has been largely responsible for suppressing the previously strong Communist movement in the state, and none of the individuals suggested as his successor is likely to be equally successful. In Mysore, where the Congress Party is strongly entrenched with 74 out of 99 seats in the assembly, rivalry between the two Congress groups led by the chief minister and the president of the state Congress Committee recently led to a government crisis.

Despite Congress' firm hold on these two states, its failure to display unanimity and imaginative leadership will necessarily have an adverse effect on public opinion, especially in view of events in Travancore-Cochin and Andhra.

In Travancore-Cochin, the Congress Party coalition government, which had had a hard struggle to maintain a simple majority in the 109-seat state assembly, was reduced to a minority status on 13 September, when a group of Tamil-speaking supporters withdrew because of their failure to win special linguistic recognition by the establishment of a separate Tamil Congress Committee. On 23 September, these individuals joined the Praja Socialist Party and the Communist-led bloc in a vote of no-confidence against the government. This was followed by dissolution of the assembly and an order for new elections.

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Congress and opposition groups are now almost equally divided. Congress' failure during the next six months to regain its losses or to make an alliance with the anti-Communist Praja Socialist Party, which holds 12 seats, could lead to a situation after the elections in which no party could form a government and President's Rule, or direct administration of the state from New Delhi, would become necessary. This rule would certainly be invoked by Nehru as an alternative to asking the Communists to form a government.

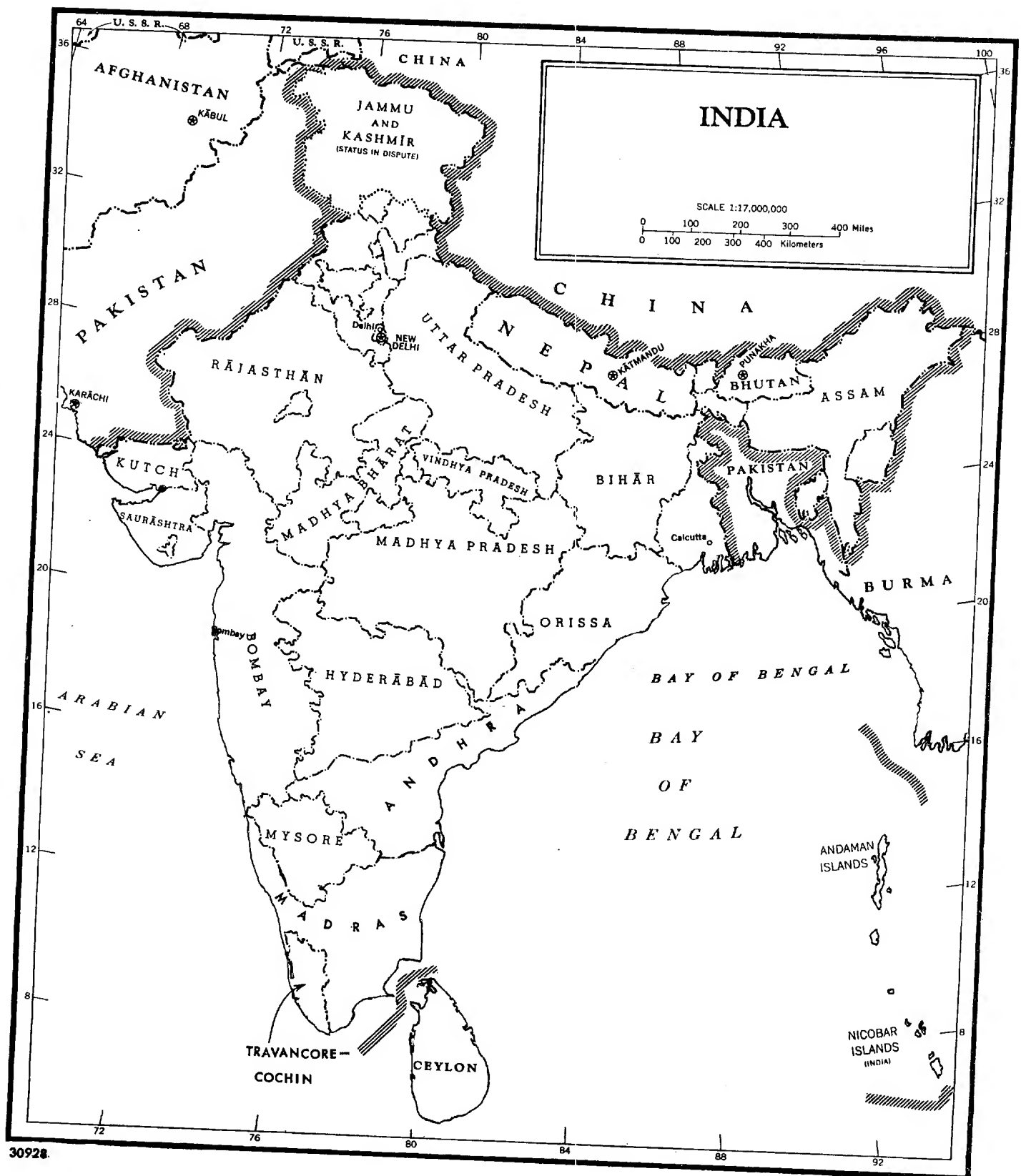
In the new Andhra state, scheduled to be separated from Madras on 1 October, Congress and Communist strength in the legislature will be almost equally divided at 46 and 42 seats respectively. Congress needs the support of at least the Praja Socialist members to form a working majority, but there is as yet no indication that full support will be forthcoming. However, Andhra Socialist leader Prakasam on 27 September resigned from his party to take over chief ministership of the state and to head a coalition cabinet containing both Congressmen and Socialists. If Prakasam's local following is insufficient to ensure an effective majority, President's Rule, as the only acceptable alternative to Communism, seems likely here as well.

Nehru, who is scheduled to tour south India in October, apparently recognizes the developing dangers. He has personally intervened in support of Rajagopalachari in Madras. The Congress Party Working Committee also indicated its awareness of the problem by passing resolutions revising the administration of state and district Congress Party organizations and by condemning further political agitation along linguistic lines. The government of India is presumably prepared, as on past occasions, to rule autocratically or to resort to mass arrest of Communists when necessary.

The Communists have steadily lost popularity in south India throughout 1953, and it is doubtful that they can capitalize on future developments. In the near future, therefore, the Congress will probably maintain an uneasy hold over the situation. Over the long run, however, Congress presumably will continue to lose popular support.

There are indications that the Socialists, as in Andhra, may profit from their position as the balance of power by increasing their representation in state governments. If they achieve a legislative strength equal to that of the Congress and the Communists, a three-way split would develop, producing political confusion and making it increasingly difficult for the central government to maintain control over south India through democratic processes.

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COCOM'S EFFECTIVENESS SEEN FURTHER WEAKENED BY NEW
BELGIAN ATTITUDE

Belgium's relations with COCOM are reaching a turning point as a result of shrinking Western export markets and attractive Soviet offers in the recent negotiations for extension of the bilateral trade pact. Although the Belgians have previously been leading supporters of COCOM regulations, there are indications that they will now join other members in seeking broader interpretations of controls or in relaxing their enforcement.

Belgium's success in securing COCOM's approval in September of a Soviet order for 10 "refrigerator ships" as part of the trade agreement was watched with keen interest by other COCOM members as a possible precedent for the "necessity" of more East-West trade. The Belgian case has exposed the relatively lax nature of COCOM controls over shipbuilding and opens up the possibility of an increase in the over-all tonnage built for the Orbit.

The Soviet ship order was defended by the Belgian COCOM delegate as a Soviet sine qua non for a trade agreement and also as necessary to prevent unemployment. East German shipyards are known to have defaulted recently on a large Russian order for similar refrigerator vessels, so that Belgium's action in effect is a step toward filling this gap and enabling Satellite shipyards to concentrate on naval auxiliary craft.

Underlying Belgium's current attitude in COCOM are increased difficulties in finding markets for the 35 percent of its industrial production which it normally exports. For the first time since the war, strategic Belgian metal and chemical industries face serious export difficulties, and textile markets also have shrunk.

With Belgian businessmen already looking primarily to international trade policy changes as the only real cure for their difficulties, Soviet trade offers early this year stimulated agitation to push East-West trade above its 1952 level of approximately three percent of all Belgian trade. Increasing irritation at other COCOM members' lax interpretation of controls, plus the feeling that Belgium is not getting a fair share of new East-West trade, has given impetus to the formation of business groups to promote trade with the Orbit. The Belgian government probably cannot long resist this growing pressure.

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SPECIAL ARTICLE

SOVIET NATIONALITIES POLICY

Shortly after Stalin's death, Soviet propaganda began to display increased solicitude for the minority peoples of the USSR. This new trend in the Kremlin's nationalities policy faltered following the purge of Beria, however, and the regime has as yet made no concessions comparable to those in economic and agricultural policy designed to alleviate this longstanding source of minority dissatisfaction.

While shifts in nationalities policy following Stalin's death in March were largely confined to the field of propaganda, they were at least great enough to suggest a difference of opinion within the Kremlin over the best way to deal with the problem.

Prior to that time, a policy of Russification was in force, especially in the cultural field. Press articles stressed the dangers of local "bourgeois" nationalism and the virtues of the Great Russian language and culture. Pledges of eternal gratitude of minority peoples toward their "elder brother," the Great Russian people, frequently appeared in the central and local press. Histories were rewritten to show that the incorporation of various minorities into tsarist Russia was a "progressive" event, and the Great Russian people's "directing force" in the life of the USSR was widely praised.

Following Stalin's death, this policy began to change. In June, the ouster of L. G. Melnikov, top party boss in the Ukraine, was accompanied by accusations that he had paid too little attention to Ukrainian autonomy and sensibilities. At the same time, a mild anti-Russification propaganda campaign was launched, notably in the Ukrainian press, and the "attempts of individual historians to embellish the reactionary policy of tsarism" in the nationalities field were condemned. The populace was warned against "great power chauvinism" rather than local "bourgeois nationalism," and the use of native languages and native party cadres was stressed more than previously.

This continued until July, when a Pravda editorial called for a "determined struggle against all manifestations of bourgeois nationalism," and this ambiguous tone has been maintained since that time. At the Supreme Soviet meeting last

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August, delegates from those republics where Russification had earlier been criticized all stressed their friendship and respect for the Great Russian people. The desirability of study of the Russian language, a theme which had been dropped after Stalin's death, reappeared once more.

These shifts in line seemed to coincide with changes in the status of L. P. Beria, giving rise to speculation that he had been advocating a somewhat more liberal approach to the minority problem. This speculation was reinforced by the treatment of his arrest in provincial propaganda, which stressed that Beria had been attempting to destroy the friendship of the local peoples for the Great Russians. This would indicate that Beria at least felt that the nationalities question was an important issue in the popular mind which could be used to gain popularity for himself or the regime.

The USSR has long had difficulty handling the some 170 national minorities within its boundaries. In 1918-20, the Ukrainian Rada was one of the strongest centers of resistance to Bolshevik rule, and in the early thirties opposition to collectivization in Kazakhstan kept that area in confusion for four years. Despite such drastic preventive measures as the complete abolition of the Volga German Republic and resettlement of its population in 1941, the friendly attitude of the Ukrainian minority toward the German invader during World War II made an extremely serious breach in the Soviet defenses. Furthermore, organized armed resistance against the Bolsheviks continued in that area until at least 1949.

Under Stalin, the nationalities problem in the Soviet Union was characterized by the desire of a predominantly Great Russian leadership to maintain the strictest degree of internal security and political control while paying lip service to the idea of national autonomy. Although Stalin himself was of Georgian origin, his legendary suspicion and cruelty set the tone of his regime's approach to the non-Russian minorities. Thus, while Soviet propaganda maintained that the Soviet peoples lived together as happy siblings, the practice of rank discrimination in favor of the elder Great Russian brother was well established.

While the USSR, according to the 1936 constitution, is a federal union of equal national republics, each possessing many rights of self-administration, Soviet practice has virtually nullified the significance of these paper concessions. In addition to the strict centralization of governmental machinery, the position of the Communist Party enables

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leaders in Moscow to keep a close check on national minorities in every area of the USSR. The national composition of the party is predominantly Great Russian: 72 percent of party membership lies within the Great Russian republic, the population of which is three fourths Great Russian, and about half the upper and middle level party figures in the other republics are Great Russians. All party functionaries, even if they are of local origin, are primarily agents of Moscow's centralized control apparatus.

Maintenance of this control is a fundamental policy, the alteration of which the regime would consider inexpedient and even dangerous. Thus there are only limited fields in which the government has freedom of action. Such an area of maneuver exists in the realm of policy towards local cultures and languages, the greater use of local personnel in government, and the treatment of the nationalities question in propaganda. It was in this latter area that Beria apparently advocated reform, and concessions here seem to be consistent with Malenkov's over-all "liberalization" policy.

The propaganda compromises made during the "Beria" period did not appear to cost the regime much, and they probably had considerable popular appeal. Yet at present the Soviet leaders appear to have repudiated these compromises, perhaps because they feel that it is too soon for even minor concessions which might tend to encourage sectionalism.

The Malenkov government has already made concessions in the major areas of popular grievance which existed under the Stalinist regime: it is raising the output of consumer goods, it has increased the incentives in agricultural production, and it declared an amnesty for some criminal offenders. Malenkov's failure to extend his "liberalization" policy to such a sensitive area may cause increasing problems as economic and agricultural concessions take effect and more immediate grievances are removed.

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